

Message Text

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PAGE 01 LIMA 06216 042118Z

73

ACTION ARA-10

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 L-03 H-02

NSC-05 SS-15 STR-04 CEA-01 DODE-00 PA-01 PRS-01 /096 W
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P R 041820Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 6163

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L LIMA 6216

EO 11652: GDS

TAGS: EINV, BDIS, EWWT, PE

SUBJ: MARCONA NATIONALIZATION - POTENTIAL CONTENTIOUS

ISSUE OF CANCELLED LETTERS OF CREDIT FOR MARCONA
ORE ON HIGH SEAS

REFS: A) LIMA 6135, B) LIMA 6129 (BOTH NOTAL)

1. JAMES COMPTON HAS ALSO EXPLAINED TO US THAT IN ADDITION TO OTHER OUTSTANDING PROBLEMS MENTIONED REFTELS, THERE IS ALSO THE ISSUE OF \$5.8 MILLION WORTH OF MARCONA ORE ON THE HIGH SEAS, FOR WHICH MINEROPERU COMMERCIAL (MINPECO) WILL EXPECT PAYMENT WITHIN NEXT THREE WEEKS AND FOR WHICH MARCONA INTERNATIONAL HAS CANCELLED LETTERS OF CREDIT IN THE NAME OF MINPECO

2. COMPTON EXPLAINED THAT DURING WEEK PRIOR TO NATIONALIZATION, THERE WERE THREE SHIPS SCHEDULED TO PICK UP MARCONA ORE FOR SHIPMENT OVERSEAS - THE BARBRO, THE TRADER, AND THE PATHFINDER. RUBINA OF MINPECO TOLD MARCONA OFFICIALS THAT HE WOULD NOT ISSUE EXPORT LICENSE UNLESS MARCONA OBTAINED IRREVOCABLE LETTERS OF CREDIT IN FAVOR OF MINPECO. SINCE THE BARBRO WAS ALREADY LOADED
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PAGE 02 LIMA 06216 042118Z

AND READY TO SAIL, RALPH CARWIN WROTE A LETTER TO RUBINA

INFORMING HIM THAT MARCONA MINING WOULD REQUEST A LETTER OF CREDIT FROM MARCONA INTERNATIONAL. ON THE BASIS OF THIS ASSURANCE, MINPECO AGREED TO THE ISSUANCE OF THE EXPORT LICENSE AND THE SHIP SAILED. SIMILAR DEVELOPMENTS TOOK PLACE WITH TRADER AND THEN PATHFINDER, WITH THESE SHIPS BEING DENIED EXPORT LICENSES UNTIL INTENTION OF MARCONA TO SEEK LETTERS OF CREDIT WAS OBTAINED. SO CARWIN ONCE AGAIN INFORMED RUBINA THAT HE WOULD REQUEST LETTERS OF CREDIT FROM MARCONA INTERNATIONAL. THESE TWO SHIPS THEN SAILED.

3. HOWEVER, IMMEDIATELY AFTER THE NATIONALIZATION, MARCONA INTERNATIONAL TOLD THE BANK OF AMERICA TO CANCEL THE LETTERS OF CREDIT, AND THE BANK DID SO. THUS, THERE IS NOW \$5.8 MILLION WORTH OF ORE ON THE HIGH SEAS (INVOLVING A TOTAL OF ELEVEN SHIPS, INCLUDING THE THREE MENTIONED ABOVE) WITHOUT LETTERS OF CREDIT AND, UNDER PERUVIAN REGULATIONS, THE MONEY SHOULD LEGALLY BE IN PERU WITHIN 20 DAYS OF SAILING. COMPTON, HOWEVER, NOTED THAT MARCONA INTERNATIONAL OBVIOUSLY HAS NO INTENTION OF RETURNING THE MONEY NOW AND NOTED THAT IF THE GOP HAD WAITED ONE OR TWO MORE DAYS THE LETTERS OF CREDIT WOULD HAVE ARRIVED. COMPTON SAID THAT THIS ISSUE IS NOW A "NEGOTIATING POINT" FOR THE COMPENSATION PACKAGE.

4. COMMENT: COMPTON SAID THAT MARCONA LAWYERS HAD ADVISED CARWIN TO LEAVE PERU IMMEDIATELY, PARTIALLY BECAUSE HIS SIGNATURE IS ON HIS COMMUNICATIONS TO MINPECO NOTING THAT HE WOULD REQUEST THE LETTERS OF CREDIT AND THAT, IN EFFECT, IF CARWIN HAD REMAINED HERE, GHE GOP COULD HAVE HELD HIM FOR \$5.8 MILLION IN "RANSOM." EMBASSY IS POUCHING TO ARA/EP MARCONA'S LETTER TO MINPECO RE SHIPMENTS.
DEAN

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